

7142 GREAT BRITAIN. TARIFF COMMISSION. Second Report of the Agricultural Committee.

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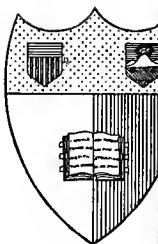
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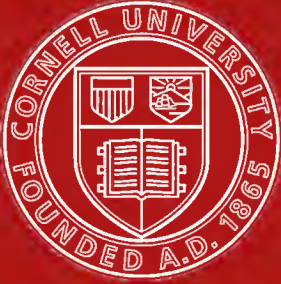
THE TARIFF COMMISSION

SECOND REPORT OF THE AGRICULTURAL COMMITTEE

The considerations set forth in this report show that the restoration of British agriculture to its proper and historic place in the national economy requires the adoption of an agricultural tariff and in its general outlines the policy set forth in the report of this Committee of 1906 and now confirmed.

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THE TARIFF COMMISSION.

At a Meeting of the Tariff Commission held on the 12th March, 1913 it was unanimously resolved :—

“ That a Meeting of the Agricultural Committee be called as early as possible for the purpose of inquiring whether and how far the recommendations made by the Agricultural Committee in their Report of 1906 have been affected by the changed conditions which have arisen since its publication.”

The following report drawn up in accordance with the above resolution was presented to the Tariff Commission at a meeting held on the 17th of June, 1914, and was approved and ordered to be published.

SECOND REPORT OF THE AGRICULTURAL COMMITTEE.

1. Having carefully considered the instructions of the Tariff Commission, contained in the Resolution of the 12th March, which has been referred to us, we came at once to this conclusion : That in view of our last Report, which dealt so fully with almost every question affecting Agriculture, it was desirable to avoid taking further evidence on questions we had previously thoroughly examined, unless it was essential. We have, however, examined, orally or otherwise, witnesses where we thought it necessary ; we have held twelve meetings, and we report accordingly.

A. NATIONAL IMPORTANCE OF AGRICULTURE.

Importance
Measured by
Population
Employed

2. Much that has happened in this and other countries since the publication of our Report has tended to emphasise the importance of the agricultural industry in a progressive community. In the United Kingdom agriculture remains the industry which employs by far the largest number of people. The returns prepared for the Census of Production by the Board of Agriculture for Great Britain and by the Department of Agriculture for Ireland show that in the United Kingdom in 1908 there were upwards of 2,800,000 persons engaged in agriculture. This total is made up of 1,840,000 for Great Britain, including 500,000 occupiers of holdings, and 984,000 persons in Ireland. The British industries which come next to agriculture in point of view of employment are the iron and steel, engineering and ship-building industries, which according to the Census of Production Returns for 1907 together employ 1,539,000 persons, while those engaged in the textile industries number 1,253,000 ; mines and quarries, 965,000 ; building, 514,000 (excluding employees of local authorities, of gas, water and electricity undertakings, and of canal and harbour companies).

Value of
Output

3. The output of agriculture is also larger in volume and greater in value than that of any other industry. After deducting the value of raw materials brought on the farms from outside (that is to say, not from other farms), it is estimated from the special reports prepared for the Census of Production that the value in 1908 of the agricultural products sold off the farms in the United Kingdom was of the value of 160 millions sterling, made up of £115 millions from great Britain, and £45 millions from Ireland. The total value of the output of other industries included in the Census was £762 millions, that is to say the value of the output of agriculture was more than one-sixth of that of all British industries combined. The combined net output of the iron and steel, engineering and shipbuilding trades was £153,000,000, that of mines and quarries £120,000,000 and that of the textile trades £94,000,000.

Rateable
Value

4. Still another measure is the rateable value of agricultural property as compared with all other property. In 1912 the rateable value of agricul-

tural land in England and Wales was £24 millions. Allowing an additional 50 per cent. for the rateable value of buildings and other rateable agricultural property, the total is £36 millions. For the whole of England and Wales the rateable value was £221 millions, so that the rateable value of agricultural property is rather less than one-sixth of the total.

5. Apart from the statistics, it is generally recognised that in the United Kingdom agriculture occupies an essential part in the national economy, while the insular position of the United Kingdom makes it especially incumbent upon British statesmen to preserve agriculture in a prosperous condition as a source of supply both of men and food.

**Economic
importance
of Agri-
culture**

B. CHANGES SINCE 1906.

6. The changes which have taken place in the agricultural situation since the publication of our Report in 1906 are partly administrative and legislative, and partly economic. Most of the conditions, however, remain substantially the same as seven years ago. This is apparent from the following statement of conclusions taken from the Agricultural Committee's Report of 1906, to which have been added notes showing the position to-day and its relation to the earlier year.

**Character
of Changes**

CONCLUSIONS OF 1906.

(1) The production of wheat in the United Kingdom, which in the period 1841-5 was sufficient for 24 million persons, or nearly 90 per cent. of the population, has since that time steadily declined, until home-grown wheat feeds little more than $4\frac{1}{2}$ millions, or 10·6 per cent. of the population.

(2) With the single exception of oats in England, all other corn crops in the United Kingdom show considerable decline, though in no case to the same extent as wheat. Taking corn crops as a whole, the area cultivated has declined 3 million acres, or nearly 30 per cent., in the last thirty years.

PRESENT POSITION (1913).

(1) There has been some slight increase in the supply of home-grown wheat in recent years, but at the present time the proportion is substantially the same as in 1906.

*Wheat and
other Corn
Crops*

(2) Measured by area under cultivation the tendency in recent years has been towards a slight increase under wheat and decreases under barley and oats.

CONCLUSIONS OF 1906.

(3) This serious reduction in corn cultivation has synchronised during the last thirty years with a decline amounting to over one-sixth in the area under green crops.

(4) The area under grass has increased by nearly one-third in the same period; this increase has not sufficed to make up for the decline in arable cultivation, and the quantity of meat produced from home-fed stock has only increased by less than 5 per cent.

(5) Whereas home-fed meats represented 85 per cent. of the total consumption thirty years ago, they now represent 55 per cent. only.

(6) The importations of dairy produce have increased about 140 per cent. during the last thirty years, and dairy-farmers in most parts of the United Kingdom have been led to devote themselves more and more to milk farming, in which foreign competition has not developed to any extent.

(7) The dependence of the United Kingdom upon imported food supplies of all kinds has increased from 124 to 205 millions sterling since 1875, and, allowing for the fall in prices, the volume of food imports is estimated to have increased during the same period by 130 per cent., or nearly four times as much as the increase in population.

(8) The foreign producer, especially of wheat and meat, has not only supplied the increased British home demand due to increased population and increased consuming power of the population, but has also taken from the British farmer a large part of the market upon which, having no export trade, his existence depends.

PRESENT POSITION (1913).

(3) Green crops in general show a decline. Taking corn and green crops together, it is seen that comparing the average for 1909-13 with that for 1901-5 the decline is about 170,000 acres, and this is, of course, in addition to the decline of 4,000,000 acres which took place between 1871-5 and 1901-5. Separating Ireland from Great Britain, the same declining tendency is observed in both divisions of the United Kingdom, though it is somewhat more decided in Ireland. Taking a survey of the whole period since 1875, the remarkable feature is that the decline should have persisted in recent years in spite of the assumed improvement of general agricultural conditions.

(4) There is a tendency to increase in the area under grass, the increase amounting in Great Britain to over 480,000 acres as between 1901-5 and 1909-13. In the case of Ireland, although the official returns would seem to show a decline of nearly 2 million acres under permanent pastures, this is almost entirely accounted for by a change in the basis of the Irish statistics. There is a continued decline, however, in the number of sheep and pigs in Great Britain, while the number of cattle remains stationary. The quantity of meat produced from home-fed stock in the United Kingdom has increased by only 2 per cent. between 1901-5 and 1909-13.

(5) The dependence of the United Kingdom upon home supplies of meat has continued to decrease, and in 1909-13 averaged only about 53 per cent. of the total consumption.

(6) Our dependence on imported dairy produce has also continued to increase. The total for 1913 was over £7,000,000 in excess of that for 1905.

(7) There has been a further large increase in importations of agricultural produce, which in 1913 amounted to £249 millions, or nearly £45,000,000 more than in 1905.

(8) This condition of things has continued in increasing proportion since 1905, and it is more than ever apparent that a large part of the produce now imported could be raised in this country to the great advantage of every British interest.

Grass and Meat

Dairy Produce

Dependence on Imported Food

CONCLUSIONS OF 1906.

(9) Agriculture in almost every branch shows a great decline, despite a very large increase in the population and a consequent increase in the demand for agricultural produce.

(10) There has been a general fall of prices during the last 30 years due to monetary and other causes affecting nearly all commodities, and fluctuations of this character are to be anticipated in the future. But the prime cause of the decline in agriculture is the greater fall, especially in the case of corn, in agricultural prices than in prices generally.

(11) In the case of agriculture the effect of the fall in prices has been accentuated by other causes, such as (A) the greater relative increase in the burden of local and Imperial taxation upon the land; (B) transport conditions; and (C) the inability of the Board of Agriculture to aid the British farmer as his foreign competitors are aided.

(12) The position of the United Kingdom is absolutely exceptional. No other country shows so marked a decline of agriculture; no other country depends to so large an extent upon importations from abroad for its food supply; in no other country has the balance between agriculture and manufacturing industries been so completely disturbed to the disadvantage of agriculture. This remarkable decline of agriculture is not alone a menace to national security, but by restricting the home market must have a most prejudicial effect upon the general industry of the country.

PRESENT POSITION (1913).

(9) In Ireland there has been some real improvement in agriculture, mainly due to the beneficial effects of remedial legislation and the guidance of State and public-spirited individuals. As regards the rest of the United Kingdom the position has since 1905 undergone some improvement, but is still very far below the standard of 35 years ago, and shows an increasing failure to keep pace with the needs of a growing industrial population. *Agriculture generally*

(10) An entire change has taken place in regard to prices. The long-prevailing and continuous fall in prices has given way to a general rise in recent years, affecting what the farmer buys as well as what he sells. Until quite recently wages have, on the whole, lagged considerably behind the rise of prices; but during the last year the evidence and statistics point to a distinct upward movement in wages also. *Prices*

(11) The burden of local and Imperial taxation falling on the agricultural industry has become more severe in recent years. According to the figures in the latest available official returns the rates raised per head of the population in rural districts have increased between 1901-2 and 1910-11 by 10s. 6d. per annum. This represents an increase in the rate burden of about £2 per adult male. The experience of agriculturists is that the increases in freight charges on home railways under the Act of 1912 impose a further serious burden on their industry. *Taxation*

(12) There has been no lessening since 1905 of the national and Imperial menace involved in the neglect of agriculture, and its comparative decline contrasts most strikingly with the thriving conditions of agriculture in other leading industrial nations of the world.

C. POLICY IN RELATION TO THE PRESENT POSITION.

7. The course of development of British agriculture, as shown by the foregoing statements and the events which have taken place since 1906, emphasises the importance at the present time of a fiscal policy in broad

**The proposals
of 1906**

outline similar to that of our Report of 1906. The policy was outlined in paragraph 364, dealing with Remedial Measures, in these words :—

“ We are of opinion that, for removing the disabilities under which British agriculturists suffer, a change in the fiscal policy of the country is absolutely necessary, but if this change is to be permanently effective it must be combined with measures dealing with transport, the enlargement of the powers of the Board of Agriculture, and local taxation. We are also of opinion that the position of the industry generally would be improved if means could be found to create further facilities for land purchase in the United Kingdom.”

**Agricultural
Duties**

8. The provisional scale of duties on imported agricultural products appended to the Report, in the first place provided the revenue which was deemed essential for carrying out the non-fiscal parts of our agricultural programme. The great growth of national expenditure since 1906 and the pressure likely to be exerted in the near future to raise money for the additional needs of the State have not made the fiscal policy we recommended less necessary now than it was in 1906. In order to fulfil its obligations a Tariff Reform Government would be obliged to readjust direct and indirect taxation in accordance with the broad principles incorporated in our Report.

**To check
unfair
competition**

9. In the second place the fiscal proposals put forward in 1906 provided the machinery by which, if necessary, unfair competition in the home market might be checked. Under the Tariff Scheme sketched in the first report of the Tariff Commission, this end would be attained by one of three methods (1) by the imposition of higher duties than those embodied in the general tariff suggested ; (2) by putting into operation a maximum clause in the tariff, or (3) by adopting measures similar to the anti-dumping clause in the Canadian Tariff Law. The figures produced in this report show that the competition which British agriculturists have to face has become more and not less severe during the period since 1906, and if the non-fiscal scheme then advocated is to meet with the success which we anticipated it is essential to provide means of checking unfair competition in the home market. The handicap of British agriculture has also been increased by the advance in the cost of production due to the lessened supply of competent labour, the increased charges upon the land and other changes.

10. The fiscal proposals of our Report of 1906 further provided a basis for a complete system of preference throughout the British Empire. Since 1906 the principles of Preference have been more widely adopted outside the United Kingdom. One Dominion after another has put the Preferential policy into operation and nothing now remains except that the United Kingdom should take definite steps to bring this country into line with the rest of the British Empire.

**Empire
Preference**

11. The economic forces moulding the direction of British agricultural development, and the aims of particular groups concerned with agriculture, have gradually brought about the result that parts of the agricultural programme we proposed in 1906 have become permanently incorporated in the policy of one or another party ; and in its broad outline the policy we suggested in 1906 has come much nearer general adoption than could have been hoped at the time.

**Partial
Adoption
of 1906
Proposals**

12. In connection with the improvement of transport facilities, it was urged in our Report of 1906 that the Board of Agriculture should be empowered to require the railway companies to collect and supply full information regarding agricultural traffic ; and to summon conferences between railway companies and representative agriculturists with a view to establishing co-operative methods for the transport of farm produce ; and it was urged that where necessary State assistance might be given for the establishment of co-operative methods.

Transport

13. A Departmental Committee was set up by the Board of Trade in 1906 to inquire into the form and scope of the accounts and statistical returns rendered by railway companies, and the Board of Trade, on the recommendations of that Committee, introduced in 1910 the Railway Companies (Accounts and Returns) Bill, which was, however, withdrawn in the same year and has not since been reintroduced. The special grievances of agriculturists were examined by a Departmental Committee appointed by the Board of Agriculture and Fisheries to inquire into and report whether preferential

treatment is given by the Railway Companies in Great Britain to Foreign and Colonial, as compared with Home, Farm, Dairy, and Market Garden produce, but on the evidence of this Committee and on its recommendations, no further legislative action has been taken. No further steps have been taken to develop co-operative methods in dealing with farm produce, except in connection with the grants made by the Development Commission to the Agricultural Organisation Societies of England and Wales, Scotland and Ireland, respectively.

14. In one important respect, however, the position of Agriculture has been prejudiced by legislation passed since 1906. The Railway Act of 1912 has brought about a substantial increase in the freight burden falling on the transport of British farm-produce. It is feared that one result of the changes must be to discourage co-operation among farmers for the carriage of their produce.

15. Regarding motor services and light railways the Development Commissioners appear to be prepared to make advances if it can be shown that the agricultural development likely to ensue would be of sufficient importance to justify that step.

**New
Agricultural
Branches**

16. In our report of 1906 this Committee recommended that a grant be made annually to the Board of Agriculture to be used for providing trained experts who would visit different localities and give advice and assistance in connection with the establishment of new industries and the improvement of old ones.

17. A beginning has been made in this direction by the Development Commission. Through the Board of Agriculture grants have been given from the Development Fund to Rothamstead and Agricultural Colleges and Institutes for the promotion of scientific research connected with agriculture.

**The Case of
Sugar**

The Development Commission have now also definitely declared in favour of financial "aid" to the beet sugar industry in the form of an educational grant. All such grants were impossible so long as the United

Kingdom was a party to the Brussels Convention. But whereas this decision was reached upwards of a year ago, we find, on inquiry among those interested, that no sums have been as yet distributed.

The United Kingdom withdrew from the Brussels Convention on September 1st, 1913, and the effect of that withdrawal was two-fold. It relieved the British Government from any obligation to abstain from bounties granted to encourage sugar-growing at home, or to abstain from granting preference to Empire-grown sugar. Mr. Acland, Under-Secretary for Foreign Affairs, stated in the House of Commons on 7th August, 1912, that the notice of withdrawal was accompanied by the following declaration :—

“ His Majesty’s Government has, therefore, no intention of departing from the fundamental principles of the Convention by themselves giving bounties on the export of sugar or by giving a preference to sugar produced within the British Empire on importation into the United Kingdom, or by imposing a higher Customs duty on beet sugar than on cane sugar. . . . His Majesty’s Government will not depart in any particular from the policy laid down by them without giving due notice through the usual channels to the other States of the Sugar Union.”

Sir Edward Grey, however, in a despatch dated May 24th, 1913, to the British delegate on the International Sugar Commission said :—

“ An exemption (total or partial) of sugar manufactured in the United Kingdom, from the duty leviable on imported sugar is, of course, not to be regarded as a bounty, provided that the preference so accorded is less than the ‘ surtax ’ permitted by the convention.”

And the British delegate on the International Sugar Commission declared accordingly that :—

“ There was no immediate intention of establishing an excise in the United Kingdom, no provision being made for it in the Finance Bill.”—
(Parliamentary Paper, Cd. 6877, 1913.)

It is important to note that by this action the Liberal Free Trade Government see no objection to the grant of bounties to industries so long as they can be regarded as in an experimental stage. In a speech delivered in the House of Commons on July 29th, 1913, Mr. Lloyd George, defending the absence of any proposed excise on sugar, said :—

“ It would strain the principles of Free Trade to do so. I do not regard it as in the slightest degree against the principles of Free Trade. The Prime Minister laid it down that whilst an industry of this kind was in a purely experimental stage it should be left alone. I am, therefore, prepared to defend it from the point of view of Free Trade.”

It is obvious that this principle is capable of wide application, especially to the agricultural industry.

Local Taxation

18. This Committee, in its Report of 1906, recommended such an increase in the Exchequer contribution to local taxation as would make that contribution the largest possible amount which was compatible with the economic administration of local affairs, and it was suggested that the subvention under the Agricultural Rates Act should be increased from one-half to three-fourths.

19. Although the financial position has grown more serious and the call for legislation more urgent, nothing has been done since 1906 to mitigate the burdens of our present rating system on Agriculture. On the contrary, the period of inaction and suspense was protracted by the appointment in 1911 of a Departmental Committee of inquiry which has only recently reported. This subject is dealt with in detail at a later stage of this Report.

Land Purchase

20. This Committee advocated land purchase and mentioned with approval the measure associated with the name of Mr. Jesse Collings for the experimental extension of small ownerships by means of State assistance.

21. Since 1906 two measures bearing on this matter have been passed, viz., the Small Holdings and Allotments Acts of 1908 and 1910 ; and up to the end of 1913 about 16,000 individual small holders had become tenants of County Councils, Co-operative Small Holdings Associations, etc., while only 476 acres had been sold to 42 small holders.

D. AGRICULTURAL RATES.

22. As to the relief of Agricultural Rates, the recommendations of this Committee in 1906 were made in paragraphs 368-9, the purport of which was as follows :—

**Agricultural
Rates Recom-
mendation of
1906**

“The witnesses we have examined are unanimous in attaching great importance to the question of local taxation. They complain that the rate burden on agricultural lands, as compared with other kinds of property, is excessive and continues steadily to increase notwithstanding the Agricultural Rates Act, by which they agree the burden was sensibly mitigated. . . . Since the passing of the Act the burden of taxation on the land has been made more severe by fresh rates, especially in connection with the Education Act of 1902, and it has tended to increase until in many cases the whole benefit of the Act has practically disappeared. The evidence shows that the present amount of rates is in many cases sufficient to make impossible successful competition with foreign importations, and, in consequence there is a general demand for further relief by legislation. In support of this demand it is pointed out that the Report of the Royal Commission on Agricultural Depression in 1896 recommended that relief should be given to the extent of three-fourths on agricultural land instead of one-half, as was provided for by the Agricultural Rates Act. In dealing with this demand for further relief, we think that the principle to be kept in view is that the contribution from Imperial funds should be the largest amount, and from local rates the smallest, that is compatible with the economic administration of local affairs; and provided such economic administration can be secured, we think that relief should be given to the full extent that was recommended. We are of opinion that in view of the increase of revenue which would follow from the imposition of the duties we suggest, the difficulty of carrying out this recommendation is removed, and some portion of the new revenue might with advantage be devoted to this purpose.”

23. A great change has taken place in the whole situation with regard to local taxation and its effect upon agriculture by the great increase of rates which has taken place since 1896.

**Increased
Rates since
1896**

The total amount of the rates on agricultural land (to which the Act of 1896 applied) was in round numbers at the time when it was passed £2,700,000, or 2s. 3d. in the £.

Had there been no Act the rates raised on agricultural land would have increased from £2,700,000 in 1896, or 2s. 3d. in the £ (rateable value), to £4,400,000, or 3s. 8d. in the £ at the present time.

The amount given in relief, viz., £1,325,000, fulfilled the object of the Act at the time it was passed, and diminished by one-half the then-existing burden of the rates on agricultural land.

But £1,325,000 only represents 1s. 1½d. in the £, and in spite of that relief, rural areas, as regards the burden of the rates on agricultural land, are worse off to-day by nearly £1,700,000, or 1s. 5d. in the £, than they were before the passing of the Act.

It follows, therefore, that in order to replace agricultural land and rural areas generally in the position which they occupied at the time of the passing of the Act, that is to say, to relieve the land again of one-half of the rates, an additional sum of about £850,000, equal to 8½d. in the £, should now be paid by the Exchequer.

If that were done, agricultural land and rural areas generally would be replaced, as regards the rates, in the position to which Parliament by the passing of that Act declared that they were justly entitled at that time, but that is all.

24. We do not think, however, that that alone would meet by any means the equity of the case as regards agricultural land, and we have strong support for that opinion.

The evidence taken by the Royal Commission on Agricultural Depression in 1896 ; by the Agricultural Committee of the Tariff Commission in 1906 ; and by the Royal Commission on Local Taxation which dealt exhaustively with that subject in all its branches in 1901, teem with illustrations of the suffering of agriculturists from unjust taxation of the land, and they all cordially support the policy of the Act of 1896.

25. It may not be unfitting to quote the following passages from the Report of the Royal Commission on Local Taxation. In Chapter VIII., page 33, in the first paragraph, they say :—

“ A reference to the statement of the history of the system of rating for local purposes, which is printed in our First Report, will show that the policy of the Act of 1896, whereby land is rated at one-half, and which has been the subject of so much misrepresentation, was only a measure of justice which had been too long delayed.”

This is followed by the timely reminder that, under the Act of Elizabeth, rates were intended to be a kind of local Income Tax, towards which each member of the community should contribute according to his means, but that in 1840 all moveable property was exempted from rateability by the Poor Rate Exemption Act, to which they refer in these words :—

“ The effect of this Act was to relieve from liability to local rates all property other than immoveable property. When first passed, the Act was to remain in force for one year, and was avowedly intended to afford time for the reconsideration of the whole question of liability to contribute to the cost of local services. No such comprehensive dealing with the subject was ever undertaken, and the Poor Rate Exemption Act has been continued in the Expiring Laws Continuance Act every year since 1840.”

On page 34 in the second paragraph they say :—

“ The representatives of the agricultural ratepayers have never ceased to complain of the unfairness of the burden laid upon them in respect of the amount they have had to contribute to local funds, and to urge that the proportion levied from agricultural property is, if calculated upon its full net annual value, greatly in excess of that of other classes of ratepayers, whether considered from the standpoint either of ability to contribute or of benefit to be received from the expenditure of the local funds.”

26. The justice of this claim is supported by evidence quoted from Select Committees, both of the House of Commons and of the House of Lords in 1836, showing for how many years this grievance has existed unredressed ; and by numerous cases which they cite from the evidence of well-known

farmers in all parts of England and Scotland taken by the Royal Agricultural Commission in 1893.

· In the second paragraph of page 35 they say :—

“ In view of this and other similar evidence, the Royal Commission expressed the opinion in their Second Report : ‘ that in order to place agricultural lands in their right position as compared with other rateable properties, it is essential that they should be assessed to all local rates in a reduced proportion of their rateable value. If the existing precedents in England and Scotland are followed, they would be so assessed at one-fourth only of their rateable value.’ ”

And then they add :—

“ The evidence which we ourselves have received supports the view thus enunciated and we may particularly refer to cases submitted to us by Mr. Rew, lately the Secretary of the Central Chamber of Agriculture, and of the Local Taxation Committee ” (and now an Assistant Secretary of the Board of Agriculture).

27. It is impossible, we think, to deny the force of this consensus of opinion which has been shown by the Reports of the two Royal Commissions and of this Committee and by the evidence given before them in favour of increasing the relief of agricultural land from “ rateability ” from one-half to three-fourths of the burden which it bears at present.

28. The total amount of additional relief which would be given by this proposal is as follows :—

The rates on agricultural land, to which the Act of 1896 applied, have grown, as we have seen, since the passing of that Act, to £4,400,000, and one-fourth of that sum is £1,100,000. If we add this amount to the £850,000 needed to restore agricultural land to the position which it occupied after the passing of the Act of 1896, a total additional contribution of £1,950,000 from the Exchequer would be needed in order to give effect to the views of the two Royal Commissions and of this Committee in 1906, which we repeat to-day, viz., that the burden of the rates on agricultural land should be relieved to the extent of three-fourths.

New Reasons

29. This was our proposal in 1906. We see no reason to depart from the opinion which we then expressed. On the contrary, we think there

are even stronger reasons for pressing that demand to-day, some of which we may enumerate as follows :—

(1) The serious and continuous increase in the rates.

(2) The change which has occurred in the attitude of those who were formerly so vehemently opposed to the passing of the Act in 1896. Parliament by its action in that year recognised the force of the claims put forward then on behalf of agriculture, and (in spite of the violent opposition to the passing of the Bill at the time) the justice of these claims has been finally endorsed by all parties, and in the Expiring Laws Continuance Act, the Agricultural Rates Act has now been repeatedly renewed for many years.

(3) Lastly there are the statements and proposals of the leaders of both political parties. Speaking at Trowbridge to a large meeting of farmers on June 3rd, 1913, the present Minister of Agriculture, Mr. Runciman, replying to an invitation to do so, dealt at some length with the question of agricultural rates and taxes, and said*: “ As far as they could foresee, they would have to reform their rating system within the limits of rating possibilities, and the first step that had to be taken undoubtedly was to see that assessments were on a fair basis.”

The only fair basis of assessment which will meet the just claims of agriculture is the reduction of the assessment of agricultural land from one-half to one-fourth of the rateable value. This was the recommendation of the two Royal Commissions of 1896 and 1901 and of this Committee in 1906.

Finally, Mr. Runciman recalled the fact that “ whereas it was well within the memory of those who heard him when the County Rates in Wiltshire were counted by a few pence, now they were 2s. 9d. or 2s. 9¾d. in the £, and that had been an enormous rise. . . . It was a direct burden on agriculture.”

The Leader of the Opposition also dealt with the subject in speeches at Edinburgh on January 24th, 1913, and in the House of Commons on April 2nd of the same year. On the latter occasion, he stated that Parliament, Session

* “ Wiltshire Times ” Report, June 7th, 1913.

after Session, had deliberately imposed new and heavy burdens upon agriculture, with the result that agriculture suffered now from local taxation more than any other industry in this country ; that “ the question of the burdens upon agriculture were regarded by them (*i.e.*, the leaders of the party) as something quite apart from this general question of local rating,” and that “ simultaneously with the adoption of an industrial tariff, if they were ever in a position to impose it, simultaneously they would use part of the revenue derived from that tariff in order to lower the heavy burden on agriculture.”

Proposals
of the Local
Taxation
Committee

30. Turning now to the newly issued Report of the Departmental Committee on Local Taxation, the proposals as regards agricultural lands are as follows :—

The specific grant of £1,325,000 a year under the Agricultural Rates Act is to be withdrawn ; and substitutes are to be found for it, apparently, as far as we can judge, in proposals for other grants which are to be of two kinds :—(1) General proposals for grants ; and (2) Certain special grants which, it is suggested, would benefit almost exclusively the areas in which agricultural property is situated.

The general grants proposed are for :—Higher and Elementary Education, Poor Relief, Police, Main Roads, and Public Health.

The Departmental Committee estimate that the withdrawal of the present system of grants, including those under the Agricultural Rates Act and the Tithe Rentcharges (Rates) Act, and the substitution of the new scheme of general grants, will give a net increase of £100,000 in relief of rates in those areas which now receive practically the entire Agricultural Rates Act Grant. Thus, the three authorities—County Councils, Boards of Guardians, and Rural District Councils—which receive about 97 per cent. of the present grant, would, under the new scheme of general grants, receive practically the same sum as at present.

The special grants proposed are three in number :—

(1) Grant for small elementary schools	£370,000
(2) Grant towards the maintenance and minor improvements of County Roads, estimated at ..	600,000
(3) Grant for Public Health, estimated at	100,000
making a total altogether under special grants of ..	<u>£1,070,000</u>

This sum, added to the amount of the general grants, makes a total net increase of £1,170,000 in the grants going to relieve rates in the areas in which agricultural property predominantly exists.

It is not clear whether and how far the substitutes proposed in lieu of the relief to agriculture given under the Agricultural Rates Act will reach the same authorities, and in what amounts—equal, greater, or less—than the grant which they are to replace; and even though the total sum distributed to them in grants throughout the country under the new scheme were equal in amount to the sums paid at present, it is by no means certain that the readjustments in the conditions of the grant might not adversely affect certain areas while relatively favouring others.

By the Budget proposals the Government contemplate additional grants in aid of rates in England and Wales of £8,200,000. This sum is considerably in excess of the £4,700,000 recommended by the Departmental Committee, and is due mainly to the very much larger grant on account of Public Health Services, namely £3,000,000 instead of about £1,000,000. So far, however, no information has been supplied as to the distribution of these grants among different authorities and different areas in England and Wales. On the other hand Mr. Lloyd George has already intimated that it is the Government's intention in general to make the increased grants contingent on a corresponding increase of expenditure by the local authorities. So far as this is true the rates everywhere will be forced still further upwards by the new grants and the rate burdens on agricultural land are likely to increase rather than diminish.

**The
Budget
Proposals**

Replying to Mr. Chaplin in the House of Commons on May 11th, 1914, Mr. Herbert Samuel said :—

“ Until the new classification of first-class and second-class roads has been made it will not be possible to give even approximate figures for the grants to the various authorities within the counties, and the figures for each county, as a whole, can be no more than an estimate. On the data that are available, calculations have been made with respect to several agricultural counties, and these indicate that the new Grants would permit a reduction of rates in most counties of about 5d. in the £. But the circumstances differ considerably. Provision will be made

that in no event shall the total grants in any county, union, or district area be less than now."

This new classification of roads must in the nature of things take a considerable time, and until it is completed it will be impossible to say what the relief to agriculture, if any, will be in this respect. As regards the official suggestion that the new grants might in some counties permit of a reduction of rates of about 5d. in the £ it is to be remembered that the conditions to be attached to the grant may be of such a nature, as already remarked, that the relief may have to be accompanied by an increased expenditure, which may make the rates in respect of agricultural land even heavier than they are now. In any case it is clear that the Government proposals offer no prospect of relief commensurate with that which has been declared by two Royal Commissions and this Committee to be just and necessary.

Our opinion is distinct that, until these points are made clear, the agricultural interests of the country should receive the proposals of the Departmental Committee and of the Budget with the greatest caution, and, further, that no proposals can be regarded as doing justice to agriculture which fall short of providing relief equal to three-fourths of the rates falling upon agricultural land as recommended by two Royal Commissions and this Agricultural Committee, and amounting to an additional £1,900,000.

**General
Conclusion**

In view of all these developments it is clear that any party which desires to restore British agriculture to its proper and historic place in the national economy will be compelled in the first place to adopt, in its general outlines, the policy set forth in the Report of this Committee of 1906 and now confirmed (see pages 8 & 9). This would necessarily lead to the reorganisation of the present basis of taxation and, in the present state of Imperial feeling and Imperial necessity, we see no reason to doubt that all the different parts of the policy should be placed upon the Statute Book with the least possible delay.

(Signed) HENRY CHAPLIN, Chairman, Agricultural Committee.
W. A. S. HEWINS, Secretary, Tariff Commission.

THE TARIFF COMMISSION,
7, VICTORIA STREET, LONDON, S.W. .
June 17th, 1914.

APPENDIX.

1.—FOOD SUPPLY OF THE UNITED KINGDOM.

The following figures have been partly taken from the paper by Mr. Rew (Assistant Secretary of the Board of Agriculture for England and Wales) on the Nation's Food Supply, read before Section M of the British Association in September, 1912, and partly compiled from the British Board of Trade Returns:—

	Imports.				Total.
	Home Produce.	Foreign.	British.	Total.	
	Mill. £.	Mill. £.	Mill. £.	Mill. £.	Mill. £.
Wheat, Flour and Grain, &c.	10	24½	23½	48	58
Meat	78	39½	11½	51	129
Poultry, Eggs, Rabbits and Game	15	9	1½	10	25
Fish	9	2	½	3	12
Dairy Produce	42	23	12	35	77
Fruit	6	13	2	15	22
Vegetables	20	3	1	4	24
Sugar	—	23	3	26	26
Tea, Coffee and Cocoa	—	3	10	13	13
	180	140	64	205	386

2.—IMPORTS OF AGRICULTURAL FOODSTUFFS (in Million £.).

The following figures bring up to date the table of imports of agricultural foodstuffs given in the first Report of the Agricultural Committee:—

	Foreign Countries.	British Possessions.	All Countries.	Proportion from British Possessions.
				Per cent.
1875	—	—	124	—
1885	114	20	134	14·9
1895	126	23	149	15·4
1905	157	47	205	22·9
1906	164	46	210	21·9
1907	167	51	218	23·4
1908	174	40	214	18·7
1909	172	52	224	23·2
1910	167	59	225	26·2
1911	169	60	229	26·2
1912	178	66	244	27·2
1913	—	—	249	—

3.—WHEAT SUPPLY.

The course of wheat and wheat flour imports is seen from the following table, which shows that these imports have more than doubled since 1875, while the imports per head have risen from 1·8 cwts. to 2·7 cwts. or by 50 per cent.

UNITED KINGDOM.—IMPORTS OF WHEAT (in Million Cwts.).

	Quantities.			Percentages.		
	Foreign Countries.	British Possessions.	Total.	Foreign Countries.	British Possessions.	Total.
1875	52·8	6·7	59·5	89	11	100
1885	61·6	19·7	81·3	76	24	100
1905	71·6	42·6	114·2	63	37	100
1910	66·5	52·6	119·1	56	44	100
1911	57·6	54·4	112·0	51	49	100
1912	58·1	65·7	123·7	47	53	100
1913	65·6	57·0	122·6	53½	46½	100

With regard to the question of the proportion of the wheat supply which is home-grown the average annual net imports in 1909–13 were 118 million cwts. The average annual production was 60 million bushels, or 32 million cwts. Deducting about 10 per cent. of this production for seed and another 10 per cent. for waste and allowing for exports, the proportion of wheat home-grown for consumption was about 24 million cwts. out of a total supply of about 142 million cwts. or one-sixth. Seventy years ago, in the period 1841–45, the wheat production of the United Kingdom was nine-tenths of the total consumption.

4.—THE MEAT SUPPLY.

The following table brings up to date a corresponding table published in the Report of the Agricultural Committee (Par. 196).

	Home-fed Meat.		Imported Meat.		Total.
	thous. tons.	per cent.	thous. tons.	per cent.	thous. tons.
1871–5	1,193	83¼	236	17	1,429
1901–5	1,252	55	1,043	45	2,295
1906–10	1,271	53½	1,106	46½	2,377
1911	1,316	53	1,146	47	2,462
1912	1,285	54	1,084	46	2,369
1913	1,221	51	1,169	49	2,390

The increase in the actual quantity of home-fed meat between 1871–75 and 1909–13 was only 7 per cent.

There has been in the same time a significant change in the importations of meat from within the Empire, so that whereas less than 15 per cent. of imported meat came from British countries in 1885, the proportion in 1912 had grown to 28 per cent. On the basis of consignments the proportion from British Possessions in 1912 was 26 per cent.

5.—SUPPLY OF DAIRY PRODUCE.

According to Mr. Rew's estimates the total supply of dairy products of the United Kingdom (excluding lard) was £77,000,000 in 1911, of which £35,000,000, or about 45 per cent., was imported. The following table shows the course of the imports of Dairy Produce.

UNITED KINGDOM.—IMPORTS OF DAIRY PRODUCE.*

		Value (Mill. £.)			Percentages.		
		Foreign Countries.	British Possessions.	Total.	Foreign Countries.	British Possessions.	Total.
1875 ..	..	—	—	15.1	—	—	—
1885 ..	..	16.6	1.5	18.0	92	8	100
1905 ..	..	25.8	10.9	36.8	70	30	100
1910 ..	..	30.1	12.2	42.3	71	29	100
1911 ..	..	28.6	13.1	41.7	69	31	100
1912 ..	..	30.5	13.0	43.5	70	30	100
1913†	..	33.6	10.5	44.1	76	24	100

* Butter, margarine, cheese, milk, and lard.

† Approximate consignment figures.

6.—PRICES.

Since 1905 the position indicated in the Report of the Agricultural Committee as to the decline of prices has been modified in the sense that while in the last 12 years there has been a considerable rise in the prices of commodities, corn prices have risen on an average to a slightly greater extent than general prices. This is seen from the following index numbers of wholesale prices:—

	FOOD, DRINK AND TOBACCO.					Index numbers for commodities in general. (47 articles).
	Corn, &c.	Meat, Fish and Dairy Produce.	Sugar, Tea, Coffee, Cocoa and Tobacco.	Wine and Foreign Spirits.	All articles of Food, Drink and Tobacco.	
1900	100.0	100.0	100.0	100.0	100.0	100.0
1901	102.6	99.3	94.7	96.7	100.1	96.7
1902	102.3	104.4	84.4	91.8	101.4	96.4
1903	102.2	102.1	86.4	99.5	100.6	96.9
1904	106.9	98.3	92.5	100.8	101.2	98.2
1905	104.2	97.7	104.8	107.9	101.2	97.6
1906	102.3	102.2	88.7	103.2	101.0	100.8
1907	109.3	104.8	94.2	100.0	105.5	106.0
1908	113.8	103.3	99.0	97.8	107.0	103.0
1909	114.7	105.8	100.4	99.0	108.7	104.1
1910	105.9	111.7	111.7	100.2	109.2	108.8
1911	114.3	109.2	114.1	104.1	111.6	109.4
1912	124.0	116.8	120.4	111.9	119.9	114.9

These figures show that while between 1900-4 and 1908-12 the prices of general commodities rose by 10.7 per cent., those of the corn group increased 11.4 per cent.

7.—WAGES.

The course of the wages and earnings of agricultural labourers so far as they are available in official figures is shown in the following table, from which it is seen that in the last eight years the wages of ordinary labourers in England and Wales have risen less than four per cent. Ireland appears to be the only part of the United Kingdom where an appreciable improvement is evident.

PERCENTAGE FLUCTUATIONS IN WAGES AND EARNINGS OF AGRICULTURAL LABOURERS.

(Level of Wages in 1900 = 100.)

	England and Wales.	Scotland.	Ireland.
	Fluctuations of Cash Wages of Ordinary Labourers (156 farms).	Fluctuations of Total Earnings of Married Horsemen (98 farms).	Fluctuations of Cash Wages of Ordinary Labourers (27 farms).
1904	101·4	100·8	103·8
1905	101·7	101·1	105·4
1906	102·0	101·3	106·0
1907	102·0	104·2	106·7
1908	102·4	101·9	107·6
1909	102·6	102·7	108·6
1910	103·1	103·0	110·0
1911	103·2	104·1	112·5
1912	104·9	106·2	114·6

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